

\$300,000,000



Fannie Mae

**Guaranteed REMIC Pass-Through Certificates
(Representing Interests in a Callable Security)
Fannie Mae REMIC Trust 1996-58**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the “REMIC Certificates”) will represent beneficial ownership interests in Fannie Mae REMIC Trust 1996-58 (the “Trust”). The assets of the Trust will consist of the A Class Guaranteed Grantor Trust Callable Certificate (the “Underlying Callable Certificate”) evidencing beneficial ownership interests in Fannie Mae Grantor Trust 1996-C6 (the “Underlying Grantor Trust”) as further described in the Trust 1996-C6 Prospectus (defined herein) attached hereto. Under certain conditions, the Underlying Callable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in December 1997, as further described in the Trust 1996-C6 Prospectus. Upon such redemption, Certificateholders will receive the unpaid principal balance of their Certificates plus interest through the 24th day of the month in which such redemption occurs, as described herein under “Description of the Certificates—Effect of Redemption.” The assets of the Underlying Grantor Trust evidence indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “MBS”) held in the form of a Fannie Mae Guaranteed MBS Pass-Through Security (the “Mega Certificate”). Each MBS represents a beneficial interest in a pool (each, a “Pool”) of first lien, single-family, fixed-rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described herein. The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

Certain of the Classes of REMIC Certificates may, upon notice and payment of an exchange fee, be exchanged for one or more Classes (each, an “RCR Class”) of Combinable and Recombinable REMIC Certificates (“RCR Certificates”) as provided herein. Each RCR Certificate issued in such an exchange will represent a beneficial ownership interest in, and will entitle the Holder thereof to receive a proportionate share of the distributions on, the related Class or Classes of REMIC Certificates. The characteristics of the RCR Classes are set forth in Schedule 1 hereto. As used herein, unless the context requires otherwise, the term “Certificates” includes REMIC Certificates and RCR Certificates and the term “Classes” includes the Classes of REMIC Certificates and the Classes of RCR Certificates. See “Combination and Recombination” herein and Schedule 1 hereto.

Investors should not purchase the Certificates before reading this Prospectus Supplement and the additional Disclosure Documents listed at the bottom of page S-2.

See “Additional Risk Factors” on page S-6 hereof, “Risk Factors” beginning on page 8 of the REMIC Prospectus attached hereto and “Risk Factors” beginning on page 6 of the Trust 1996-C6 Prospectus attached hereto for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

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THE CERTIFICATES MAY NOT BE SUITABLE INVESTMENTS FOR ALL INVESTORS. NO INVESTOR SHOULD PURCHASE CERTIFICATES UNLESS SUCH INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE REDEMPTION, PREPAYMENT, YIELD, LIQUIDITY AND OTHER RISKS ASSOCIATED WITH SUCH CERTIFICATES.

THE CERTIFICATES, TOGETHER WITH ANY INTEREST THEREON, ARE NOT GUARANTEED BY THE UNITED STATES. THE OBLIGATIONS OF FANNIE MAE UNDER ITS GUARANTY OF THE CERTIFICATES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND DO NOT CONSTITUTE AN OBLIGATION OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF OTHER THAN FANNIE MAE. THE CERTIFICATES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND ARE “EXEMPTED SECURITIES” WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934.

Class (1)	Original Principal Balance	Principal Type (2)	Interest Rate	Interest Type (2)	CUSIP Number	Final Distribution Date	Class (1)	Original Principal Balance	Principal Type (2)	Interest Rate	Interest Type (2)	CUSIP Number	Final Distribution Date
A	6,000,000	CALLABLE/SEQ/LIQ	7.50%	FIX	31359NBB6	April 2000	H	5,511,500	CALLABLE/SEQ	7.50%	FIX	31359NBH3	June 2025
D	212,773,200	CALLABLE/SEQ	7.50	FIX	31359NBC4	February 2024	J	5,511,400	CALLABLE/SEQ	7.75	FIX	31359NBJ9	June 2025
E	7,692,500	CALLABLE/SEQ	7.50	FIX	31359NBD2	October 2024	F	40,000,000	CALLABLE/SEQ	(3)	FLT	31359NBK6	January 2027
K	4,500,000	CALLABLE/SEQ	7.25	FIX	31359NBE0	October 2024	S	5,000,000	CALLABLE/SEQ	(3)	INV	31359NBL4	January 2027
L	4,500,000	CALLABLE/SEQ	7.75	FIX	31359NBF7	October 2024	PO	3,000,000	CALLABLE/SEQ	(4)	PO	31359NBM2	January 2027
G	5,511,400	CALLABLE/SEQ	7.25	FIX	31359NBG5	June 2025	R	0	NPR	0	NPR	31359NBN0	January 2027

(1) The RCR Classes are set forth on Schedule 1 hereto.

(2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.

(3) These Classes will bear interest based on “LIBOR” as described under “Description of the Certificates—Distributions of Interest” herein and “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes” in the REMIC Prospectus.

(4) This Class will be a Principal Only Class and will bear no interest.

The Certificates will be offered by Bear, Stearns & Co. Inc. (the “Dealer”) from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae, to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the A, E, K, L, G, H and J Classes will be available through the book-entry system of the Federal Reserve Banks and that the D, F, S and PO Classes and the RCR Certificates will be available through the book-entry facilities of The Depository Trust Company on or about December 27, 1996 (the “Settlement Date”). It is expected that the R Class in registered, certificated form will be available for delivery at the offices of the Dealer, 245 Park Avenue, New York, New York 10167, on or about the Settlement Date.

Bear, Stearns & Co. Inc.

October 25, 1996

(Cover continued from previous page)

The yield to investors in each Class will be sensitive to, among other things, whether and, if so, when a redemption of the Underlying Callable Certificate occurs, as well as to the rate of distributions on the Underlying Callable Certificate, which in turn will be sensitive to the rate of principal payments of the Mortgage Loans and the actual characteristics of such Mortgage Loans. The yield to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of the Floating Rate and Inverse Floating Rate Classes, fluctuations in the level of the Index (as defined herein). Accordingly, investors should consider the following risks:

- Under certain conditions, the Underlying Callable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in December 1997. Such a redemption is more likely to occur to the extent that prevailing mortgage interest rates have declined or the MBS otherwise have a market value in excess of their aggregate principal balance. In addition, the Holder of any Certificate may obtain the right to exercise (or otherwise seek to influence the exercise of) such redemption of the Underlying Callable Certificate, and such Holder's decision may depend, in part, on whether such Certificate was purchased at a discount or at a premium. Upon any such redemption, Certificateholders will receive the unpaid principal balance of their Certificates plus interest thereon to the date of redemption, as described herein under "Description of the Certificates—Effect of Redemption."
- The Mortgage Loans generally may be prepaid at any time without penalty, and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time.
- Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.
- In the case of any Certificates purchased at a discount to their principal amounts (including the Principal Only Class), a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a redemption of the Underlying Callable Certificate or a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of the Interest Only Class, a redemption of the Underlying Callable Certificate or a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the Index. See "Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes" herein.

See "Risk Factors—Yield Considerations" in the REMIC Prospectus and "Additional Risk Factors—Additional Yield and Prepayment Considerations" herein.

In addition, investors should purchase Certificates only after considering the following:

- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See "Description of the Certificates—Weighted Average Lives of the Certificates" herein and "Description of the Certificates—Weighted Average Life and Final Distribution Dates" in the REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See "Risk Factors—Suitability and Reinvestment Considerations" in the REMIC Prospectus.
- The existence of the redemption feature described herein may inhibit significantly the ability of the Certificates to sell at a premium in the market.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See "Legal Investment Considerations" in the REMIC Prospectus.
- The Dealer intends to make a market for the Certificates but is not obligated to do so. There can be no assurance that such a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement, the REMIC Prospectus, the Mega Prospectus, the Trust 1996-C6 Prospectus or the MBS Prospectus. Any representation to the contrary is a criminal offense.

An election will be made to treat the Trust as a "real estate mortgage investment conduit" ("REMIC") pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). The R Class will be subject to transfer restrictions. See "Description of the Certificates—Characteristics of the R Class" and "Certain Additional Federal Income Tax Consequences" herein, and "Description of the Certificates—Additional Characteristics of Residual Certificates" and "Certain Federal Income Tax Consequences" in the REMIC Prospectus.

Investors should purchase the Certificates only if they have read and understood this Prospectus Supplement and the following documents (collectively, the "Disclosure Documents"):

- Fannie Mae's Prospectus for Guaranteed REMIC Pass-Through Certificates dated June 14, 1996 (the "REMIC Prospectus"), which is attached to this Prospectus Supplement;
- Fannie Mae's Prospectus for Guaranteed Grantor Trust Callable/Call Certificates dated October 25, 1996 (the "Trust 1996-C6 Prospectus"), which is attached to this Prospectus Supplement;
- Fannie Mae's Prospectus for Guaranteed Mortgage Pass-Through Certificates dated October 1, 1996 (the "MBS Prospectus");
- Fannie Mae's Prospectus for Guaranteed MBS Pass-Through Certificates dated October 1, 1996 (the "Mega Prospectus"); and
- Fannie Mae's Information Statement dated February 22, 1996 and any supplements thereto (collectively, the "Information Statement").

The MBS Prospectus, the Mega Prospectus and the Information Statement are incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from Bear, Stearns & Co. Inc. by writing or calling its Prospectus Department at One MetroTech Center North, Brooklyn, New York 11201 (telephone 212-272-1581).

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REFERENCE SHEET

This reference sheet is not a summary of the REMIC transaction and it does not contain complete information about the Certificates. Investors should purchase the Certificates only after reading this Prospectus Supplement and each of the additional Disclosure Documents described herein in their entirety.

Characteristics of the Underlying Callable Certificate

The characteristics of the Underlying Callable Certificate are set forth in the Trust 1996-C6 Prospectus attached hereto.

Assumed Characteristics of the Mortgage Loans (as of December 1, 1996)

<u>Approximate Principal Balance</u>	<u>Approximate Weighted Average Remaining Term to Maturity (in months)</u>	<u>Approximate Calculated Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
\$300,000,000	342	18	8.098%

The actual remaining terms to maturity, calculated loan ages and interest rates of most of the related Mortgage Loans will differ from the weighted averages shown above, perhaps significantly. See “Description of the Certificates—Structuring Assumptions—*Pricing Assumptions*” herein.

Combination and Recombination

Holders of certain Classes of REMIC Certificates will be entitled, upon notice and payment of an exchange fee, to exchange all or a portion of such Classes for a proportionate interest in the related RCR Class or Classes in the proportions and combinations set forth on Schedule 1 hereto. The Holders of RCR Classes will be entitled to receive distributions of principal and interest from the related Class or Classes of REMIC Certificates. See “Description of the Certificates—Combination and Recombination” herein. Schedule 1 sets forth all of the available combinations of the Classes of REMIC Certificates and the related RCR Classes.

Interest Rates

The Fixed Rate Classes will bear interest at the applicable per annum interest rates set forth on the cover and on Schedule 1 hereto.

The Floating Rate and Inverse Floating Rate Classes will bear interest during the initial Interest Accrual Period at the initial interest rates set forth below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at the rates determined as described below:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
F	6.775%	9.0%	1.40%	LIBOR + 140 basis points
S	17.800%	60.8%	0.00%	60.8% – (8 × LIBOR)
SA*	11.125%	38.0%	0.00%	38% – (5 × LIBOR)

* This Class is an RCR Class. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

See “Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes” herein.

On any Distribution Date when distributions of interest are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Class or Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

Notional Class

The notional principal balance of the Notional Class will be equal to the indicated percentage of the outstanding principal balance of the Class specified below immediately prior to the related Distribution Date.

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
IA*	5.333333333% of D Class

* This Class is an RCR Class. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

See “Description of the Certificate—Distributions of Interest—Notional Class” and “—Yield Tables” herein.

Distributions of Principal

1. To the A and D Classes, in that order, to zero.
2. To the E, K and L Classes, in proportion to their original principal balances to zero.
3. To the G, H and J Classes, in proportion to their original principal balances, to zero.
4. To the F, S and PO Classes, in proportion to their original principal balances, to zero.

On any Distribution Date when distributions of principal are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Class or Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

Effect of Redemption

Under certain conditions, the Underlying Callable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in December 1997, as further described in the Trust 1996-C6 Prospectus. Upon such redemption, Certificateholders will receive the unpaid principal balance of their Certificates plus interest through the 24th day of the month in which such redemption occurs, as described herein under “Description of the Certificates—Effect of Redemption.”

Weighted Average Lives (years) *

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
A	1.7	0.2	0.2	0.1	0.1
D, B**, C** and IA**	19.5	7.1	4.5	2.7	1.7
E, K and L	27.4	16.8	11.4	6.9	4.1
G, H and J	28.1	19.0	13.2	8.1	4.8
F, S, PO, SA** and N**	29.2	24.0	19.4	13.1	7.9

* Determined as specified under “Weighted Average Lives of the Certificates” herein.

** These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

ADDITIONAL RISK FACTORS

Additional Yield and Prepayment Considerations

The effective yield to Certificateholders will depend upon the purchase price of the related Certificates, the rate of principal payments, including prepayments, on the Mortgage Loans, whether and, if so, when a redemption of the Underlying Callable Certificate occurs (as described under “Description of the Certificates—Effect of Redemption” herein) and the actual characteristics of the Mortgage Loans. Generally, if the actual rate of principal payments on the Mortgage Loans is slower than the rate anticipated by an investor who purchased a Certificate at a discount, the actual yield to such investor will be lower than such investor’s anticipated yield. If a redemption of the Underlying Callable Certificate occurs or if the actual rate of principal payments on the Mortgage Loans is faster than the rate anticipated by an investor who purchased a Certificate at a premium, the actual yield to such investor will also be lower than such investor’s anticipated yield. An investor should purchase Certificates only after performing an analysis of such Certificates based upon the investor’s own assumptions as to future rates of prepayment and the likelihood and timing of an early redemption of the Underlying Callable Certificate. See “Risk Factors—Prepayment Considerations” in the REMIC Prospectus and “Maturity and Prepayment Assumptions” in the MBS Prospectus.

There can be no assurance that the Mortgage Loans will have the characteristics assumed herein or will prepay at any of the rates assumed herein or at any other particular rate. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant. Finally, it is uncertain whether and, if so, when a redemption of the Underlying Callable Certificate will occur.

The effective yields on the Delay Classes (as defined herein) will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Delay Classes will be lower than would have been the case if there were no such delay.

Redemption Risk

The Certificates will be affected by an early redemption of the Underlying Callable Certificate as described in the Trust 1996-C6 Prospectus under “Description of the Certificates—Redemption and Exchange.” There will be no reimbursement to investors for any premium paid by investors or for any losses in investors’ yields if such investors receive early distributions of principal (including early distributions received as a result of an early redemption of the Underlying Callable Certificate). Moreover, at any time beginning in December 1997, the Underlying Callable Certificate is more likely to be redeemed to the extent that prevailing mortgage interest rates have declined or the MBS otherwise have a market value in excess of their aggregate principal balance. In addition, the Holder of any Certificate may obtain the right to exercise (or otherwise seek to influence the exercise of) such redemption of the Underlying Callable Certificate, and such Holder’s decision may depend, in part, on whether such Certificate was purchased at a discount or at a premium. Finally, the existence of the redemption feature may inhibit significantly the ability of the Certificates to sell at a premium in the market.

DESCRIPTION OF THE CERTIFICATES

The following summaries describing certain provisions of the Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the remaining provisions of this Prospectus Supplement, the additional Disclosure Documents and the provisions of the Trust Agreement (defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the meanings assigned to such terms in the applicable Disclosure Document or the Trust Agreement (as the context may require).

General

Structure. The Trust will be created pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement thereto dated as of December 1, 1996 (together, the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as trustee (the “Trustee”), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The REMIC Certificates (other than the R Class) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The assets of the Trust will consist of the Underlying Callable Certificate (which evidences beneficial ownership interests in the Underlying Grantor Trust).

Fannie Mae Guaranty. Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus, “Description of the Certificates—General—Fannie Mae Guaranty” in the Trust 1996-C6 Prospectus, “The Certificates—Fannie Mae’s Guaranty” in the Mega Prospectus and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

Characteristics of Certificates. The A, E, K, L, G, H and J Classes will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.”

The D, F, S and PO Classes and the RCR Certificates will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the names of the nominee of the Depository (as defined herein), which Depository will maintain such Certificates through its book-entry facilities. When used herein with respect to any DTC Certificate, the terms “Holders” and “Certificateholders” refer to the nominee of the Depository.

A Holder is not necessarily the beneficial owner of a book-entry Certificate. Beneficial owners will ordinarily hold book-entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

The R Certificate will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R Certificate will be transferable at the corporate trust office of the Transfer

Agent, or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts (“State Street”). A service charge may be imposed for any registration of transfer of the R Certificate and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See also “Characteristics of the R Class” herein.

The distribution to the Holder of the R Certificate of the proceeds of any remaining assets of the Trust will be made only upon presentation and surrender of the related Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

Authorized Denominations. The Certificates, other than the R Certificate, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The R Class will be issued as a single certificate and will not have a principal balance.

Distribution Dates. Distributions on the Certificates will be made on the 25th day of each month (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day) (each, a “Distribution Date”), commencing in the month following the Settlement Date. See “Distributions of Interest—General” and “—Interest Accrual Periods” and “Distributions of Principal—Principal Distribution Amount” herein.

Record Date. Each monthly distribution on the Certificates will be made to Holders of record on the last day of the preceding month.

REMIC Trust Factors. As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of Certificates the factor (carried to eight decimal places) which, when multiplied by the original principal balance of a Certificate of such Class, will equal the remaining principal balance of such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date.

Redemption. A redemption of the Underlying Callable Certificate may be effected as described in the Trust 1996-C6 Prospectus under “Description of the Certificates—Redemption and Exchange.”

Optional Termination. Consistent with its policy described under “Description of Certificates—Termination” in the MBS Prospectus, Fannie Mae will agree not to effect indirectly an early termination of the Trust through the exercise of its right to repurchase the Mortgage Loans underlying any MBS unless only one Mortgage Loan remains in the related Pool or the principal balance of such Pool at the time of repurchase is less than one percent of the original principal balance thereof.

Voting the Underlying Callable Certificate. In the event any issue arises under the trust agreement governing the Underlying Grantor Trust that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the Underlying Callable Certificate in accordance with instructions received from Holders of Certificates having principal balances aggregating not less than 51% of the aggregate principal balance of all Classes of Certificates outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

Liquid Asset. The A Class is intended to qualify as a “liquid asset” for purposes of the liquidity requirements applicable to federal savings associations, federal savings banks and state chartered associations whose deposits are insured by the Federal Deposit Insurance Corporation.

Combination and Recombination

General. Subject to the rules, regulations and procedures of the Depository, all or a portion of the D, F, S and PO Classes of REMIC Certificates may be exchanged for a proportionate interest in one or more RCR Classes in the combinations and proportions set forth on Schedule 1 hereto. Similarly, all or a portion of one or more RCR Classes may be exchanged, in the combinations and

proportions set forth on Schedule 1, for certain Classes of REMIC Certificates. This process may occur repeatedly.

Each RCR Class issued in an exchange will represent a beneficial ownership interest in, and will be entitled to receive a proportionate share of the distributions on, the related Class or Classes of REMIC Certificates, and the Holders of an RCR Class will be treated as the beneficial owners of a proportionate interest in the related Class or Classes of REMIC Certificates.

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balance) of such Classes, will depend upon distributions of principal of such Classes as well as any exchanges that occur. The aggregate outstanding principal balance of all the Classes of REMIC Certificates and RCR Classes (exclusive of any notional principal balance) will at all times equal the aggregate outstanding principal balance of the MBS.

Procedures. A Holder proposing to effect an exchange must notify Fannie Mae's Capital Markets Department through a dealer who is a member of Fannie Mae's "REMIC Dealer Group." Such notice must be given in writing or by telefax not later than two business days before the proposed exchange date (which date, subject to Fannie Mae's approval, can be any business day other than the first or last business day of the month). The notice must include the outstanding principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. Promptly after the receipt of a Holder's notice, Fannie Mae will telephone the dealer to provide instructions for delivering the Certificates and the exchange fee to Fannie Mae by wire transfer. A Holder's notice becomes irrevocable on the second business day before the proposed exchange date.

A fee will be payable to Fannie Mae in connection with each exchange equal to $\frac{1}{32}$ of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the Certificates to be submitted for exchange (but not less than \$2,000).

The first distribution on a REMIC Certificate or an RCR Certificate received in an exchange transaction will be made on the Distribution Date in the month following the month of the exchange. Such distribution will be made to the Holder of record as of the close of business on the last day of the month of the exchange.

Certificates to be exchanged must be delivered to Fannie Mae in the correct "exchange proportions" as shown in Schedule 1, which are based on the original principal balances of the related Classes of REMIC Certificates or RCR Certificates and will not change as a result of any reductions (or increases) in the outstanding principal balances of the Certificates.

Additional Considerations. The principal payment characteristics of an RCR Class will reflect the principal payment characteristics of the Class or Classes of REMIC Certificates which are combined to form such RCR Class. However, since an RCR Class may be formed through the combination of Classes of REMIC Certificates which have different principal payment characteristics, the principal payment characteristics of the RCR Classes should be viewed in terms of the resulting combination of REMIC Certificates in the aggregate rather than as a group of individual Classes of REMIC Certificates with different principal payment characteristics.

At any given time, a Holder's ability to exchange REMIC Certificates for RCR Certificates or to exchange RCR Certificates for REMIC Certificates will be limited by a number of factors. A Holder must, at the time of the proposed exchange, own the appropriate Classes in the appropriate proportions in order to effect a desired exchange. A Holder that does not own the appropriate Classes or the appropriate portions of such Classes may not be able to obtain the necessary Class or Classes of REMIC Certificates or the RCR Class or Classes. The Holder of a needed Class may refuse or be unable to sell at a reasonable price or any price, or certain Classes may have been purchased and placed into other financial structures. In addition, principal distributions will, over time, diminish the amounts available for exchange. Only the combinations listed on Schedule 1 are permitted.

Book-Entry Procedures

General. The D, F, S and PO Classes and the RCR Certificates will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of The Depository Trust Company, a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae (the “Depository”). In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a “Depository Participant”) in the DTC Certificates, whether held for its own account or as a nominee for another person. State Street will act as Paying Agent for, and perform certain administrative functions with respect to, the DTC Certificates.

No person acquiring a beneficial ownership interest in the DTC Certificates (a “beneficial owner” or an “investor”) will be entitled to receive a physical certificate representing such ownership interest. An investor’s interest in the DTC Certificates will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains such investor’s account for such purpose. In turn, the financial intermediary’s record ownership of such interest will be recorded on the records of the Depository (or of a Depository Participant that acts as an agent for the financial intermediary if such intermediary is not a Depository Participant). Accordingly, an investor will not be recognized by the Trustee or the Depository as a Certificateholder and must rely on the foregoing arrangements to evidence its interest in the DTC Certificates. Beneficial ownership of an investor’s interest in the DTC Certificates may be transferred only by compliance with the procedures of an investor’s financial intermediary and of Depository Participants. In general, beneficial ownership of an investor’s interest in the DTC Certificates will be subject to the rules, regulations and procedures governing the Depository and Depository Participants as in effect from time to time.

The A, E, K, L, G, H and J Classes will be issued and maintained only on the book-entry system of the Federal Reserve Banks. Such Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Beneficial owners ordinarily will hold such Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of such a Certificate, and each other financial intermediary in the chain to the beneficial owner, will have the responsibility of establishing and maintaining accounts for their respective customers. The rights of the beneficial owner of such a Certificate with respect to Fannie Mae and the Federal Reserve Banks may be exercised only through the Holder of such Certificate. Fannie Mae and the Federal Reserve Banks will have no direct obligation to a beneficial owner of such a Certificate that is not also the Holder of the Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of such a Certificate. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

Method of Distribution. Each distribution on the DTC Certificates will be distributed by the Paying Agent to the Depository in immediately available funds. The Depository will be responsible for crediting the amount of such distributions to the accounts of the Depository Participants entitled thereto, in accordance with the Depository’s normal procedures, which currently provide for distributions in same-day funds settled through the New York Clearing House. Each Depository Participant and each financial intermediary will be responsible for disbursing such distributions to the beneficial owners of the DTC Certificates that it represents. Accordingly, the beneficial owners may experience some delay in their receipt of distributions.

Fannie Mae’s fiscal agent for the A, E, K, L, G, H and J Classes is the Federal Reserve Bank of New York. The Federal Reserve Banks will make distributions on such Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders’ accounts at the Federal Reserve Banks.

The Underlying Callable Certificate, the MBS and the Mortgage Loans

The Underlying Callable Certificate, which has the characteristics set forth in the Trust 1996-C6 Prospectus attached hereto, represents beneficial ownership interests in the Underlying Grantor Trust, the assets of which evidence indirect beneficial ownership interests in the MBS. The Underlying Callable Certificate provides that principal and interest payments thereon will be passed through monthly, commencing on the 25th day of the month following the initial issuance thereof (or, in each case, if such 25th day is not a business day, on the first business day next succeeding such 25th day).

The MBS have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the MBS Prospectus. Such MBS are held in the form of a Mega Certificate, the general characteristics of which are described in the Mega Prospectus. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by a first-mortgage or deed of trust on a one- to four-family residential property and having an original maturity of up to 30 years, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus.

The characteristics of the MBS and the Mortgage Loans as of December 1, 1996 (the “Issue Date”) are expected to be as follows:

MBS (Mega Certificate CL-313275)

Aggregate Unpaid Principal Balance	\$300,000,000
MBS Pass-Through Rate	7.50%

Mortgage Loans

Range of WACs (per annum percentages)	7.75% to 10.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	342 months
Approximate Weighted Average CAGE	18 months

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each MBS, along with the weighted average of all the current or original WACs and the weighted average of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying the MBS as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

For the purpose of payments of interest, the Classes will be categorized as follows:

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	A, D, E, K, L, G, H and J
Floating Rate	F
Inverse Floating Rate	S
Principal Only	PO
RCR**	B, C, IA, SA and N
No Payment Residual	R

* See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.

** See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description of the RCR Classes.

General. The interest-bearing Certificates will bear interest at the applicable per annum interest rates set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date. In addition, in the event the Underlying Callable Certificate is redeemed, the final distribution on the Classes of Certificates will include an amount representing interest accrued to the date of redemption. See “—Effect of Redemption” below.

On any Distribution Date when distributions of interest are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Class or Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

Interest Accrual Periods. Interest to be distributed on a Distribution Date will accrue on the interest-bearing Certificates during the one-month periods set forth below (each, an “Interest Accrual Period”).

<u>Classes</u>	<u>Interest Accrual Periods</u>
F, S, SA* and N* Classes (the “No Delay Classes”)	One month period beginning on the 25th day of the month preceding the month of the Distribution Date and ending on the 24th day of the month of the Distribution Date
All Fixed Rate Classes and the B*, C* and IA* Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

* These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

See “Additional Risk Factors—Additional Yield and Prepayment Considerations” herein.

Notional Class. The IA Class will be a Notional Class. The Notional Class will not have a principal balance and will bear interest at the applicable per annum interest rate specified herein during each Interest Accrual Period on the related notional principal balance. The notional principal

balance of the Notional Class will be equal to the indicated percentage of the outstanding principal balance of the Class specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
IA *	5.3333333333% of D Class

* This Class is an RCR Class. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in the principal distributions of the Underlying Callable Certificate, MBS or the underlying Mortgage Loans. Although a Notional Class will not have a principal balance, a REMIC Trust Factor (as described herein) will be published with respect to such Class that will be applicable to the notional principal balance thereof, and references herein to the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balance of the Notional Class.

Floating Rate and Inverse Floating Rate Classes. The following Classes will bear interest during their initial Interest Accrual Period at the initial interest rates set forth below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at the rates determined as described below:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
F	6.775%	9.0%	1.40%	LIBOR + 140 basis points
S	17.800%	60.8%	0.00%	60.8% – (8 × LIBOR)
SA *	11.125%	38.0%	0.00%	38% – (5 × LIBOR)

* This Class is an RCR Class. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

The yields with respect to such Classes will be affected by changes in the applicable index as set forth in the table above (the “Index”), which changes may not correlate with changes in mortgage interest rates. It is possible that lower mortgage interest rates could occur concurrently with an increase in the level of the Index. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of the Index.

The establishment of the Index value by Fannie Mae and Fannie Mae’s determination of the rates of interest for the applicable Classes for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding. Each such rate of interest may be obtained by telephoning Fannie Mae at 1-800-BEST-MBS or 202-752-6547.

Calculation of LIBOR

On each Index Determination Date, until the principal balances of the F, S and SA Classes have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—LIBOR.”

If on the initial Index Determination Date, Fannie Mae is unable to determine LIBOR in the manner specified in the REMIC Prospectus, LIBOR for the next succeeding Interest Accrual Period will be equal to 5.375%.

Distributions of Principal

Categories of Classes

For the purpose of payments of principal, the Classes will be categorized as follows:

<u>Principal Type*</u>	<u>Classes</u>
Callable/Sequential Pay	A, D, E, K, L, G, H, J, F, S and PO
Liquid Asset	A
RCR**	B, C, IA, SA and N
No Payment Residual	R

* See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.

** See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description of the RCR Classes.

Principal Distribution Amount

Principal will be distributed monthly on the Certificates in an amount (the “Principal Distribution Amount”) equal to the distribution of principal concurrently made on the Underlying Callable Certificate.

On each Distribution Date, the Principal Distribution Amount will be distributed as principal of the Classes specified below in the following order of priority:

- | | | |
|---|---|---|
| <p>(i) sequentially, to the A and D Classes, in that order, until the respective principal balances thereof are reduced to zero;</p> <p>(ii) concurrently, to the E, K and L Classes, in proportion to their original principal balances (or 46.0835704658%, 26.9582147671% and 26.9582147671%, respectively), until the principal balances thereof are reduced to zero;</p> <p>(iii) concurrently, to the G, H and J Classes, in proportion to their original principal balances (or 33.3331317322%, 33.3337365356% and 33.3331317322%, respectively), until the principal balances thereof are reduced to zero; and</p> <p>(iv) concurrently, to the F, S and PO Classes, in proportion to their original principal balances (or 83.3333333333%, 10.4166666667% and 6.2500000000%, respectively), until the principal balances thereof are reduced to zero.</p> | } | <p>Callable/
Sequential
Pay
Classes</p> |
|---|---|---|

On any Distribution Date when distributions of principal are to be allocated from certain Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Class or Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

Effect of Redemption

Under certain conditions, the Underlying Callable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in December 1997, as further described in the Trust 1996-C6 Prospectus under “Description of the Certificates—Redemption and Exchange.” The REMIC Trust Factors for the month in which the Underlying Callable Certificate is to be redeemed will be zero. Upon such redemption, the Certificateholders will receive an amount (the “Redemption Distribution Amount”) equal to the sum of:

- (i) 100% of the outstanding principal balance of such Certificate;
- (ii) accrued interest at the applicable rate per annum for such Certificate for the related Interest Accrual Period; and

(iii) in the case of the Delay Classes, accrued interest at the applicable rate per annum for such Certificate for the period from the first day of the month of redemption to the 24th day of the month in which the redemption occurs, calculated on the principal balance that would have remained outstanding immediately after such Distribution Date if such redemption were not to occur (that is, 24 days' interest on such reduced principal balance).

As indicated above, the amount specified in clause (iii) above will be paid solely to Holders of the Delay Classes.

Distribution of the Redemption Distribution Amount will be in lieu of any distribution of principal and interest that would otherwise be made on that Distribution Date. In the event a redemption of the Underlying Callable Certificate occurs, a distribution will be made to the Holder of the R Class on the Distribution Date in the month of such redemption. Such distribution will consist of the interest distributable on the Underlying Callable Certificate on such Distribution Date in excess of the interest amount distributable to Certificateholders as part of the Redemption Distribution Amount.

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the following assumptions (collectively, the “Pricing Assumptions”):

- the Mortgage Loans bear interest at a rate of 8.098% per annum and have an original term to maturity of 360 months, a CAGE of 18 months and a remaining term to maturity of 342 months;
- the Mortgage Loans prepay at the *constant* percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used herein is the Public Securities Association's standard prepayment model (“PSA”). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then outstanding principal balance of a pool of new mortgage loans computed as described under “Description of the Certificates—Prepayment Models” in the REMIC Prospectus. It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other *constant* rate.

Yield Tables

The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of applicable Classes to various constant percentages of PSA and, where specified, to changes in the Index. The yields set forth in the tables were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered. *There can be no assurance that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of any Class of Certificates will be as assumed. In addition, there can be no assurance that the Index will correspond to the levels shown herein. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all such Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant.*

The yields to investors will be sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans and to any redemption of the Underlying Callable Certificate. The Mortgage Loans generally can be prepaid at any time. In addition, the yields to investors in the Floating Rate and Inverse Floating Rate Classes will be very sensitive to the level of the Index. Further, on the basis of the assumptions described below, the yield to maturity on the IA Class would be 0% if prepayments were to occur at a constant rate of 440% PSA. If the actual prepayment rate of the Mortgage Loans were to exceed this level for as little as one month while equaling such level for the remaining months, the investors in the IA Class would not fully recoup their initial investment.

Changes in the Index may not correlate with changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur concurrently with an increased level of the Index.

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) a redemption of the Underlying Callable Certificate either does not occur or occurs on the December 1997 Distribution Date, as specified in the applicable tables, (ii) interest is paid through the 24th day of the month in which the redemption, if any, is assumed to occur, (iii) the interest rate applicable to the Inverse Floating Rate Classes for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the

Index and (iv) the aggregate purchase prices of the Classes (expressed in each case as a percentage of the original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
A	99.75000%
B**	100.09375%
C**	100.46875%
IA**	13.68750%
D	100.81250%
E	98.87500%
K	98.87500%
L	98.87500%
G	98.18750%
H	98.18750%
J	98.18750%
F	100.00000%
S	100.00000%
PO	65.50000%
SA**	87.06250%
N**	97.84375%

* The prices do not include accrued interest. Accrued interest has been added to such prices in calculating the yields set forth in the tables below.

Pre-Tax Yields of the A, B, C**, D, E, K, L, G, H, J and N** Classes
(Assuming Redemption of Underlying Callable Certificates
on the December 1997 Distribution Date)**

<u>Class</u>	<u>50% PSA</u>	<u>100% PSA</u>	<u>175% PSA</u>	<u>300% PSA</u>	<u>500% PSA</u>
A	6.9%	6.5%	6.0%	5.4%	4.6%
B**	7.1%	7.0%	7.0%	7.0%	6.9%
C**	6.9%	6.8%	6.8%	6.7%	6.6%
D	6.7%	6.7%	6.6%	6.5%	6.4%
E	8.8%	8.8%	8.8%	8.8%	8.8%
K	8.5%	8.5%	8.5%	8.5%	8.5%
L	9.1%	9.1%	9.1%	9.1%	9.1%
G	9.3%	9.3%	9.3%	9.3%	9.3%
H	9.6%	9.6%	9.6%	9.6%	9.6%
J	9.8%	9.8%	9.8%	9.8%	9.8%
N**	10.0%	10.0%	10.0%	10.0%	10.0%

** These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

Pre-Tax Yield of the IA* Class
(Assuming Redemption of Underlying Callable Certificate
on the December 1997 Distribution Date)

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
IA*	(76.1)%	(77.6)%	(80.2)%	(84.9)%	(93.0)%

(Assuming No Redemption of Underlying Callable Certificate)

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
IA*	53.8%	48.6%	39.9%	22.6%	(10.2)%

* This Class is an RCR Class. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

Pre-Tax Yield and
Sensitivity of the F Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the December 1997 Distribution Date)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
3.375%	5.0%	5.0%	5.0%	5.0%	5.0%
5.375%	6.9%	6.9%	6.9%	6.9%	6.9%
7.375%	8.8%	8.8%	8.8%	8.8%	8.8%
7.600%	9.0%	9.0%	9.0%	9.0%	9.0%

(Assuming No Redemption of Underlying Callable Certificate)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
3.375%	4.8%	4.8%	4.8%	4.8%	4.8%
5.375%	6.9%	6.9%	6.9%	6.9%	6.9%
7.375%	8.9%	8.9%	8.9%	8.9%	8.9%
7.600%	9.2%	9.2%	9.2%	9.1%	9.1%

Pre-Tax Yield and
Sensitivity of the S Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the December 1997 Distribution Date)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
3.375%	34.6%	34.6%	34.6%	34.6%	34.6%
5.375%	18.5%	18.5%	18.5%	18.5%	18.5%
7.375%	3.1%	3.1%	3.1%	3.1%	3.1%
7.600%	1.4%	1.4%	1.4%	1.4%	1.4%

(Assuming No Redemption of Underlying Callable Certificate)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
3.375%	35.8%	35.8%	35.8%	35.8%	35.8%
5.375%	18.5%	18.5%	18.5%	18.5%	18.5%
7.375%	1.9%	1.9%	1.9%	1.9%	2.0%
7.600%	0.1%	0.1%	0.1%	0.1%	0.2%

**Pre-Tax Yield of the PO Class
(Assuming Redemption of Underlying Callable Certificate
on the December 1997 Distribution Date)**

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
PO	47.4%	47.4%	47.4%	47.4%	47.4%

(Assuming No Redemption of Underlying Callable Certificate)

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
PO	1.6%	1.8%	2.2%	3.3%	5.6%

**Pre-Tax Yield and
Sensitivity of the SA* Class to LIBOR
(Assuming Redemption of Underlying Callable Certificates
on the December 1997 Distribution Date)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
3.375%	38.7%	38.7%	38.7%	38.7%	38.7%
5.375%	27.5%	27.5%	27.5%	27.5%	27.5%
7.375%	16.7%	16.7%	16.7%	16.7%	16.7%
7.600%	15.5%	15.5%	15.5%	15.5%	15.5%

(Assuming No Redemption of Underlying Callable Certificate)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
3.375%	25.3%	25.3%	25.3%	25.5%	26.1%
5.375%	13.2%	13.2%	13.3%	13.6%	14.3%
7.375%	1.8%	1.8%	2.0%	2.4%	3.1%
7.600%	0.6%	0.6%	0.8%	1.1%	1.9%

* This Class is an RCR Class. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). For a description of the factors which may influence the weighted average life of a Certificate, see “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments whether and, if so, when a redemption of the Underlying Callable Certificate occurs. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Trust 1996-C6 Prospectus.

The effect of the foregoing factors may differ as to various Classes and the effects on any Class may vary at different times during the life of such Class. Accordingly, no assurance can be given as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their respective original principal balances, variability in the weighted average lives of such Classes of Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the Classes may be affected at various *constant* prepayment rates, see the Decrement Tables below.

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various *constant* PSA levels and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of (a) the assumption that no redemption is made on the Underlying Callable Certificate and (b) the Pricing Assumptions (except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that each underlying Mortgage Loan bears an interest rate of 10.00% per annum and has an original and remaining term to maturity of 360 months).

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a *constant* PSA level. In addition, the diverse remaining terms to maturity of the Mortgage Loans (which will include recently originated Mortgage Loans) could produce slower or faster principal distributions than indicated in the tables at the specified *constant* PSA levels, even if the weighted average remaining terms to maturity and the weighted average CAGEs of the Mortgage Loans are identical to the remaining terms to maturity and CAGEs specified in the Pricing Assumptions. Finally, it is uncertain whether and, if so, when a redemption of the Underlying Callable Certificate will occur.

**Percent of Original Principal Balances Outstanding
(Assuming No Redemption of Underlying Callable Certificate)**

Date	A Class					D, B††, C†† and IA††(1) Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	300%	500%	0%	100%	175%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100
December 1997	72	0	0	0	0	100	95	90	81	67
December 1998	42	0	0	0	0	100	85	75	58	35
December 1999	8	0	0	0	0	100	77	62	40	12
December 2000	0	0	0	0	0	99	68	50	25	0
December 2001	0	0	0	0	0	98	61	40	13	0
December 2002	0	0	0	0	0	97	53	31	3	0
December 2003	0	0	0	0	0	95	46	22	0	0
December 2004	0	0	0	0	0	94	40	15	0	0
December 2005	0	0	0	0	0	92	34	9	0	0
December 2006	0	0	0	0	0	90	28	3	0	0
December 2007	0	0	0	0	0	88	23	0	0	0
December 2008	0	0	0	0	0	86	17	0	0	0
December 2009	0	0	0	0	0	83	12	0	0	0
December 2010	0	0	0	0	0	80	8	0	0	0
December 2011	0	0	0	0	0	77	3	0	0	0
December 2012	0	0	0	0	0	73	0	0	0	0
December 2013	0	0	0	0	0	70	0	0	0	0
December 2014	0	0	0	0	0	65	0	0	0	0
December 2015	0	0	0	0	0	61	0	0	0	0
December 2016	0	0	0	0	0	55	0	0	0	0
December 2017	0	0	0	0	0	50	0	0	0	0
December 2018	0	0	0	0	0	43	0	0	0	0
December 2019	0	0	0	0	0	36	0	0	0	0
December 2020	0	0	0	0	0	29	0	0	0	0
December 2021	0	0	0	0	0	20	0	0	0	0
December 2022	0	0	0	0	0	11	0	0	0	0
December 2023	0	0	0	0	0	*	0	0	0	0
December 2024	0	0	0	0	0	0	0	0	0	0
December 2025	0	0	0	0	0	0	0	0	0	0
December 2026	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	1.7	0.2	0.2	0.1	0.1	19.5	7.1	4.5	2.7	1.7

Date	E, K and L Classes					G, H and J Classes					F, S, PO, SA†† and N†† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	300%	500%	0%	100%	175%	300%	500%	0%	100%	175%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 1997	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 1998	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 1999	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 2000	100	100	100	100	59	100	100	100	100	100	100	100	100	100	100
December 2001	100	100	100	100	0	100	100	100	100	20	100	100	100	100	100
December 2002	100	100	100	100	0	100	100	100	100	0	100	100	100	100	74
December 2003	100	100	100	40	0	100	100	100	100	0	100	100	100	100	51
December 2004	100	100	100	0	0	100	100	100	56	0	100	100	100	100	35
December 2005	100	100	100	0	0	100	100	100	0	0	100	100	100	96	24
December 2006	100	100	100	0	0	100	100	100	0	0	100	100	100	77	16
December 2007	100	100	69	0	0	100	100	100	0	0	100	100	100	62	11
December 2008	100	100	10	0	0	100	100	100	0	0	100	100	100	49	8
December 2009	100	100	0	0	0	100	100	57	0	0	100	100	100	39	5
December 2010	100	100	0	0	0	100	100	10	0	0	100	100	100	31	4
December 2011	100	100	0	0	0	100	100	0	0	0	100	100	89	24	2
December 2012	100	90	0	0	0	100	100	0	0	0	100	100	76	19	2
December 2013	100	40	0	0	0	100	100	0	0	0	100	100	65	15	1
December 2014	100	0	0	0	0	100	92	0	0	0	100	100	55	12	1
December 2015	100	0	0	0	0	100	47	0	0	0	100	100	46	9	*
December 2016	100	0	0	0	0	100	3	0	0	0	100	100	38	7	*
December 2017	100	0	0	0	0	100	0	0	0	0	100	87	31	5	*
December 2018	100	0	0	0	0	100	0	0	0	0	100	74	25	4	*
December 2019	100	0	0	0	0	100	0	0	0	0	100	61	20	3	*
December 2020	100	0	0	0	0	100	0	0	0	0	100	48	15	2	*
December 2021	100	0	0	0	0	100	0	0	0	0	100	37	11	1	*
December 2022	100	0	0	0	0	100	0	0	0	0	100	26	7	1	*
December 2023	100	0	0	0	0	100	0	0	0	0	100	15	4	*	*
December 2024	0	0	0	0	0	55	0	0	0	0	100	5	1	*	*
December 2025	0	0	0	0	0	0	0	0	0	0	62	0	0	0	0
December 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	27.4	16.8	11.4	6.9	4.1	28.1	19.0	13.2	8.1	4.8	29.2	24.0	19.4	13.1	7.9

* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.

** Determined as specified under “Weighted Average Lives of the Certificates” herein.

†† These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

(1) In the case of a Notional Class, the Decrement Table indicates the percentage of the original notional principal balance outstanding.

Characteristics of the R Class

The R Class will not have a principal balance and will not bear interest. The Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes have been reduced to zero. In the event a redemption of the Underlying Callable Certificate occurs, a distribution will be made to the Holder of the R Class on the Distribution Date in the month of such redemption.

The R Class will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R Certificate will be allowed to any person that is not a “U.S. Person” without the written consent of Fannie Mae. Under regulations issued by the Treasury Department on December 23, 1992 (the “Regulations”), a transfer of a “noneconomic residual interest” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R Class will constitute a noneconomic residual interest under the Regulations. Any transferee of an R Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the REMIC Prospectus. Transferors of an R Certificate should consult with their own tax advisors for further information regarding such transfers.

The Holder of the R Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Trust. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holder (i) such information as is necessary to enable them to prepare its federal income tax return and (ii) any reports regarding the R Class that may be required under the Code.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The following tax discussion, when read in conjunction with the discussion of “Certain Federal Income Tax Consequences” in the REMIC Prospectus, describes the current federal income tax treatment of investors in the Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the Certificates.

REMIC Election and Special Tax Attributes

An election will be made to treat the Trust as a REMIC for federal income tax purposes. The REMIC Certificates, other than the R Class, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust.

As a consequence of the qualification of the Trust as a REMIC, the Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, “real estate assets” for real estate investment trusts, and, except for the R Class, as “qualified mortgages” for other REMICs. The Small Business Job Protection Act of 1996 repeals the bad debt reserve method of accounting for mutual savings banks and domestic building and loan associations for tax years beginning after December 31, 1995. As a result, section 593(d) of the Code is no longer applicable to treat the Certificates as “qualifying real property loans.” See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Principal Only Class will be, and certain other Classes of Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount

will be 175% PSA. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at that rate or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. In addition, certain classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, the R Class will not have significant value. Special rules regarding the treatment of “excess inclusions” by certain thrift institutions no longer apply because of the amendment of section 593 of the Code by the Small Business Job Protection Act of 1996. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate.” The rate will be published on or about November 20, 1996. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

As the owner of the Underlying Callable Certificate, the Trust will be treated as (i) owning an undivided interest in the MBS and (ii) writing a call option on such undivided interest at the time of its acquisition on the Settlement Date. For a discussion of the tax consequences associated with such treatment, see “Certain Federal Income Tax Consequences” in the Trust 1996-C6 Prospectus.

Taxation of Beneficial Owners of RCR Certificates

General. The arrangement pursuant to which the RCR Classes will be created, sold and administered will be classified as a grantor trust under subpart E, Part I of subchapter J of the Code. The interests in the REMIC Certificates that have been exchanged for RCR Certificates (including any exchanges effective on the Settlement Date) will be the assets of such trust and the RCR Certificates will evidence an ownership interest in those REMIC Certificates. For a general discussion of the federal income tax treatment of investors in REMIC Certificates, see “Certain Federal Income Tax Consequences” in the REMIC Prospectus.

The RCR Classes will represent beneficial ownership of the underlying Regular Certificates set forth in Schedule 1. Certain RCR Certificates (the “Strip RCR Certificates”) will represent the right to receive a disproportionate part of the principal or interest payments on a single underlying Regular Certificate. Each RCR Certificate other than a Strip RCR Certificate (a “Combination RCR Certificate”) will represent beneficial ownership of undivided interests in two or more underlying Regular Certificates.

The Strip RCR Classes are the B, IA and C Classes. The Combination RCR Classes are the SA and N Classes.

Strip RCR Classes. A purchaser of a Strip RCR Certificate will be treated as owning, pursuant to section 1286 of the Code, “stripped bonds” to the extent of its share of principal payments and “stripped coupons” to the extent of its share of interest payments on the underlying Regular Certificates. Although it is unclear how the OID computations on a Strip RCR Certificate should be made, Fannie Mae intends to treat each Strip RCR Certificate as a single debt instrument for purposes of information reporting. The IRS could contend, however, that a Strip RCR Certificate should be treated as an interest in the underlying Regular Certificate to the extent that the Strip RCR Certifi

cate represents an equal pro rata portion of principal and interest on such Regular Certificate, and an installment obligation consisting of “stripped bonds” or “stripped coupons” with respect to the remainder. Investors should consult their own tax advisors as to the proper treatment of a Strip RCR Certificate in this regard.

A beneficial owner who purchases a Strip RCR Certificate should calculate OID with respect to the Strip RCR Certificate and include such OID in its ordinary income for federal income tax purposes as it accrues, which may be prior to the receipt of the cash attributable to such income, in accordance with a constant yield method that takes into account the compounding of interest. Although the matter is not entirely clear, a beneficial owner of a Strip RCR Certificate should accrue OID using a method similar to that described with respect to the accrual of OID on a Regular Certificate under “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. A beneficial owner, however, determines its yield to maturity based on its purchase price and on a schedule of payments projected using a prepayment assumption. A beneficial owner then makes periodic adjustments to take into account actual prepayment experience. With respect to a particular beneficial owner, it is not clear whether the prepayment assumption used for calculating OID would be one determined at the time of purchase of the Strip RCR Certificate or would be the original Prepayment Assumption with respect to the underlying Regular Certificates. Investors should consult their own tax advisors regarding this matter. For purposes of information reporting relating to OID, Fannie Mae will use the original yield to maturity of the Strip RCR Certificate, calculated based on the original Prepayment Assumption.

An investor that exchanges an underlying Regular Certificate for Strip RCR Classes and then sells Strip RCR Certificates also is subject to the coupon stripping rules of section 1286 of the Code. As of the date of such sale, the beneficial owner must allocate its basis in the Regular Certificate between the part of the Regular Certificate underlying the Strip RCR Certificates sold and the part of the Regular Certificate underlying the Strip RCR Certificates retained in proportion to their relative fair market values. Section 1286 of the Code treats the beneficial owner as purchasing the Strip RCR Certificates retained for the amount of the basis allocated to such Certificates. The beneficial owner calculates OID with respect to such retained Certificates as described above.

Upon the sale of the Strip RCR Certificates, the investor will realize gain or loss on the sale of its part of the underlying Regular Certificate in an amount equal to the difference between the amount realized and its adjusted basis in such part. The seller’s adjusted basis in such part generally is equal to the seller’s allocated cost of such part, increased by income previously included, and reduced (but not below zero) by distributions previously received and by any amortized premium in respect of such part. If a beneficial owner holds the Certificates as a capital asset, any gain or loss realized will be capital gain or loss, except to the extent provided under “Certain Federal Income Tax Consequences—Sales of Certificates” in the REMIC Prospectus.

Although the matter is not free from doubt, an investor that acquires in one transaction a combination of Strip RCR Certificates that may be exchanged for underlying Regular Certificates should be treated as owning the underlying Regular Certificates. If an investor acquires such a combination in separate transactions, the law is unclear as to whether the combination should be aggregated or each Strip RCR Certificate should be treated as a separate debt instrument.

Combination RCR Classes. A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the related Class or Classes of REMIC Certificates. A purchaser of a Combination RCR Certificate must allocate its purchase price among the related Classes of REMIC Certificates in proportion to their relative fair market values at the time of purchase. Such owner should account for its ownership interest in each related Class of REMIC Certificates as described under “—Taxation of Beneficial Owners of Regular Certificates” herein and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus. When a beneficial owner sells a Combination RCR Certificate, such owner must allocate the sale proceeds among the related Classes of REMIC Certificates in proportion to their relative fair market value at the time of sale.

Exchanges. An exchange, as described under “Description of the Certificates—Combination and Recombination” herein, by a beneficial owner of (i) a combination of REMIC Certificates or (ii) all or a portion of an RCR Class for the related RCR Class or REMIC Certificates, respectively, will not be a taxable exchange. Such owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates that it owned immediately prior to the exchange.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the MBS pursuant to a Fannie Mae commitment. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect such transactions to or through dealers.

Increase in Certificates. Before the Settlement Date, Fannie Mae and the Dealer may agree to offer hereby Certificates in addition to those contemplated as of the date hereof. In such event, the MBS will be increased in principal balance, but it is expected that all additional MBS will have the same characteristics as described herein under “Description of the Certificates—The MBS.” The proportion that the original principal balance of each Class bears to the aggregate original principal balance of all the Classes, respectively, will remain the same.

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Stroock & Stroock & Lavan, Seven Hanover Square, New York, New York 10004-2696.

Schedule 1

Available Recombinations

REMIC Certificates			RCR Certificates							
<u>Class</u>	<u>Original Principal Balance</u>	<u>Exchange Proportions (1)</u>	<u>RCR Class</u>	<u>Original Principal or Notional Principal Balance</u>	<u>Exchange Proportions (1)</u>	<u>Interest Rate</u>	<u>Interest Type (2)</u>	<u>Principal Type (2)</u>	<u>CUSIP Number</u>	<u>Final Distribution Date</u>
Recombination 1										
D	\$212,773,200	100%	B	\$212,773,200	100%	7.1%	FIX	CALLABLE/SEQ	31359NBP5	February 2024
			IA	11,347,904	5.3333333333%	7.5%	FIX/IO	CALLABLE/NTL	31359NBQ3	February 2024
Recombination 2										
D	212,773,200	100%	C	212,773,200	100%	7.3%	FIX	CALLABLE/SEQ	31359NBR1	February 2024
			IA	5,673,952	2.6666666667%	7.5%	FIX/IO	CALLABLE/NTL	31359NBQ3	February 2024
Recombination 3										
S	5,000,000	62.5%	SA	8,000,000	100%	(3)	INV	CALLABLE/SEQ	31359NBS9	January 2027
PO	3,000,000	37.5%								
Recombination 4										
F	40,000,000	83.3333333333%	N	48,000,000	100%	7.5%	FIX	CALLABLE/SEQ	31359NBT7	January 2027
S	5,000,000	10.4166666667%								
PO	3,000,000	6.2500000000%								

- (1) Exchange proportions shown are the proportions of the original principal balances or notional principal balance of the related Classes of REMIC Certificates or RCR Certificates required to effect an exchange. Classes of REMIC Certificates may be exchanged for RCR Classes and RCR Classes may be exchanged for Classes of REMIC Certificates in such proportions only.
- (2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.
- (3) For a description of this interest rate, see “Description of the Certificates—Distributions of Interest” herein.

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No dealer, salesman or other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus Supplement and the additional Disclosure Documents and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus Supplement and the aforementioned documents do not constitute an offer to sell or a solicitation of an offer to buy any of the Certificates offered hereby in any state to any person to whom it is unlawful to make such offer or solicitation in such state. The delivery of this Prospectus Supplement and the aforementioned documents at any time does not imply that the information contained herein or therein is correct as of any time subsequent to the date hereof or thereof.

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\$300,000,000



FannieMae

Guaranteed REMIC

Pass-Through Certificates

**(Representing Interests in a
Callable Security)**

Fannie Mae REMIC Trust 1996-58

PROSPECTUS SUPPLEMENT

Bear, Stearns & Co. Inc.

October 25, 1996